I. RESEARCH QUESTIONS

Does the well-documented tendency for intergenerational persistence in entrepreneurial behavior survive from pre- to post-communist systems?

What can we learn about the channels of persistence from studying transition economies?

Potential channels:
- Inherited family business
- Bequests that relax capital constraints
- "Genetic" ("innate") skills and preferences
- "Upbringing" ("family culture") affecting skills and preferences

II. RESEARCH DESIGN

Communism as a "Quasi-experiment"
- Private business ownership was illegal for more than 40 years.
- Financial channels were eliminated or weakened.
- Does intergenerational correlation exist?

III. DATA

(1) Social Stratification in Eastern Europe After 1989
(2) Life Histories and Social Change in Contemporary China

Sample: 21797 (Hungary & Poland 3895, Bulgaria & Czech & Slovakia 8697, Russia 3115, China 6090)

Measures of Post-Communist Entrepreneurship (mid-1990s)
- Own-account self-employed
- Employer
- Number of employees
- N.B.: exclude self-employed individuals in 1988

Measures of Pre-Communist Entrepreneurship
- Parents' business ownership in 1948 (1920 for Russia)
- Paternal/maternal grandfather’s business ownership in 1948 (1920 for Russia)
- Business lost due to War between 1938 and 1948 (between 1917 and 1920 for Russia)

IV. RESULTS

Relative Incidence of Post-Communist Entrepreneurship

Pre-Communist Business Ownership Effects on Post-Communist Entrepreneur Status

Pre-Communist Business Ownership Effects on County

Pre-Communist Business Ownership Effects on Grandparents' and Parents' Pre-Communist Business Ownership

V. CONCLUSIONS

Setting excludes all financial and most human capital channels
- Strong intergenerational correlation of entrepreneurship
- Similar in magnitude to single-generation studies in US, Europe
- Mostly 2nd generation (grandfathers)
- Robust to controlling for restitution, communist experiences
- Country differences suggest not entirely genetic or innate (neither in skills nor tastes) but family culture and upbringing

Notes: Robust standard errors are in parentheses. Control variables include age, age squared, female, major race/ethnicity, marital status, capital city, as well as country dummies.

Note: Most research examines only self-employed. References: